



Fourth quarter and
year end report

2022

ORDER INTAKE INCREASED BY 50% AND GROWTH IN THE US. UNACCEPTABLE PROFITABILITY IN THE FOURTH QUARTER.

120 Net revenue, MSEK

59% Recurring revenue

3% EBIT margin, adjusted

"Japan continues to show high growth with an increase of 27%. The US had a strong quarter with an increase of 107%, the best quarter since QleanAir launched cleanrooms in the US. EMEA delivered unsatisfactory revenue in the fourth quarter with a decrease of 24%," CEO Sebastian Lindström remarks.

October – December 2022 in summary

- Net revenue MSEK 120.1 (118.1), currency-adjusted net revenue amounted to MSEK 115.5
- Recurring revenue MSEK 70.8 (65.2)
- Order intake MSEK 109.2 (72.9)
- EBITDA MSEK -9.6 (25.4)
- EBITDA margin -8.0% (21.5%)
- Operating income (EBIT) MSEK -17.7 (17.9)
- Operating margin -14.8% (15.2%)
- Operating income (EBIT), adjusted MSEK 3.5 (17.9)
- Operating margin, adjusted 2.9% (15.2%)
- Earnings per share SEK -1.26 (0.49)
- Cash flow from current operations MSEK 9.6 (22.1)

January – December 2022 in summary

- Net revenue MSEK 455.2 (450.6), currency-adjusted net revenue amounted to MSEK 444.1
- Recurring revenue MSEK 276.8 (262.0)
- Order intake MSEK 407.6 (356.3)
- EBITDA MSEK 59.8 (112.4)
- EBITDA margin 13.1% (25.0%)
- Operating income (EBIT) MSEK 28.6 (83.4)
- Operating margin 6.3% (18.5%)
- Operating income (EBIT), adjusted MSEK 49.8 (83.4)
- Operating margin, adjusted 10.9% (15.2%)
- Earnings per share SEK 0.89 (3.99)
- Cash flow from current operations MSEK 29.7 (104.2)
- The board of directors propose no dividend for the operating year 2022

Significant events during the fourth quarter

- QleanAir wins order for cell research cleanroom project from major US healthcare system
- QleanAir announces major order from the Swedish plastics industry
- QleanAir wins cleanroom order for major US West Coast pharmaceutical compounding company
- Sebastian Lindström is appointed CEO of QleanAir and takes office on November 28, 2022

Significant events after the end of the period

- Study shows QleanAir air cleaners remove over 95% of virus particles in 10 minutes
- QleanAir announces preliminary results for the fourth quarter of 2022
- QleanAir delivered 6.40 billion cubic meters of purified air at the end of the fourth quarter
- QleanAir launches new quiet and energy-efficient air cleaner meeting tough quality requirements

A WORD FROM THE CEO

I joined the QleanAir board of directors last year and became the new CEO at the end of November 2022. I have extensive experience in developing companies of the stage and size that QleanAir is at. QleanAir has grown to a revenue of MSEK 455 and now we need to gather new strength that is needed to reach new heights. Above all, I am taking on the job because we have a world-leading portfolio of premium indoor air cleaning products and a high organizational standard with knowledgeable and dedicated employees. We have some of the world's most demanding customers and more than 3,500 customers in around 30 countries. Few things are as important as clean air when it comes to the impact on human health, product quality and process performance. Despite QleanAir's strong market position, we face a number of challenges.



PROFIT WARNING IN THE FOURTH QUARTER

The foundation of our business, the installed base of products and solutions, delivered a stable revenue of MSEK 120 (118) and a gross margin of 68 (69) percent, adjusted for non-recurring inventory write-downs in the fourth quarter. We issued a profit warning in January 2023 due to large one-off costs and increased costs in general. Gross profit after non-recurring write-downs was MSEK 68 (81). In addition, operating income, EBIT, was negatively impacted during the fourth quarter by non-recurring costs totaling approximately MSEK 5 for CEO changes and organizational changes and a further approximately MSEK 3 in project-related costs. In total, results for the fourth quarter were burdened by MSEK 21 in non-recurring costs. In addition, our operating costs grew faster than our revenues due to investments in marketing, sales, and product development. Adjusted for non-recurring items, the EBIT margin was 3 (15) percent in the fourth quarter. Regarding the project-related costs, we have adjusted and future-proofed certain processes and strengthened the organization. With regards to the underlying increase in costs, we are now doing a total review of our costs.

STEERING QLEANAIR BACK TO PROFITABLE GROWTH

My mission from the Board of Directors is clear. I am to steer QleanAir back to profitable growth. During my first two months, I have met many employees and started my journey to get to know our customers in all regions and product categories. I can ascertain that we have strong products, a knowledgeable and committed team, and very satisfied customers. The awareness of the importance of good indoor air quality has probably never been as high as now. We see in all markets a return to the workplace after the pandemic. Both Japan and the USA show a strong increase in order intake in December and thus enter 2023 with strong momentum. In Europe, we see continued restraint among our customers because of the macroeconomic situation and greatly increased energy costs. Right now, it is primarily energy efficiency that is requested by many of our customers. Our air cleaning solutions are energy efficient and contribute positively to the customers total energy consumption, but here we need to adapt our sales arguments further to get through.

We need to shift into a higher gear, get closer to the customer and work more focused as a team with clear priorities. QleanAir has a scalable business model, our products keep what they promise, and our service offer creates security.

THREE PRIORITIES

1. Customer focus in all parts of our organization is our first priority. This is about getting closer to the customer and thus further enhancing our offering and support to our customers. We will move our entire organization closer to the customer, from the development of our products to the service of the customers solution through our service organization.
2. Sales efficiency is the second of our priorities and during 2022 we have expanded our product offering and broadened our sales capabilities. During the fourth quarter, we signed almost 300 new customer contracts. To get us back on the growth journey, our work with customers and sales orientation needs to become even more focused. We will continue to gain market share in the healthcare segment in the US. We will continue the success of Air Cleaners in Europe, without losing focus on our strong base in Cabin Solutions. As the market leader in Japan, we are concentrating on growing the addressable market for Cabin Solutions both segmentally and geographically, in parallel with building the market for our Air Cleaners.
3. Our third priority is cost control. This does not mean that we should be afraid to take on short-term costs that will lead us towards our financial goals, but the current cost level is under scrutiny to suit the current situation.

We know where we are going. The calendar for 2023 is already booked. We have great opportunities to create value. Our business model is circular, that is our products have a long life with our customers through our strong service model and at the end of the contract, we refurbish the product to give it a new life with the next customer.

In summary, we clean indoor air by reducing harmful particles. The working environment for people is improved. Furthermore, the quality of customers' products and the efficiency of their processes is improved. We will work systematically to return to profitable growth. You are invited to our presentation today at 10 am, see more information below. Let's get started.

Solna, February 10, 2023

Sebastian Lindström, VD, QleanAir AB

FINANCIAL DEVELOPMENT

KEY RATIOS

	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Sales, TSEK	120 075	118 055	455 172	450 576
Installed units, at the end of the period	11 878	11 396	11 878	11 396
Recurring revenue, TSEK	70 809	65 210	276 790	261 975
Recurring revenue from units in own balance sheet, %	59%	55%	61%	58%
Order intake ¹ , TSEK	109 161	72 890	407 625	356 282
Gross profit, TSEK	68 202	81 225	311 018	321 811
Gross margin, %	56,8%	68,8%	68,3%	71,4%
Gross profit, TSEK, <u>adjusted</u>	81 402	81 225	324 218	321 811
Gross margin, %, <u>adjusted</u>	67,8%	68,8%	71,2%	71,4%
EBITDA ² , TSEK	-9 642	25 434	59 781	112 437
EBITDA-margin, %	-8,0%	21,5%	13,1%	25,0%
EBIT, TSEK	-17 713	17 887	28 578	83 397
EBIT-margin, %	-14,8%	15,2%	6,3%	18,5%
EBIT, TSEK, <u>adjusted</u>	3 487	17 887	49 778	83 397
EBIT-margin, %, <u>adjusted</u>	2,9%	15,2%	10,9%	18,5%
Result for the period, TSEK	-18 672	7 318	13 291	59 258
Earnings per share ² , SEK	-1,26	0,49	0,89	3,99
Earnings per share after full dilution, SEK	-1,26	0,49	0,89	3,93
Cash flow from ongoing operations, TSEK	9 581	22 076	29 731	104 153
Net working capital, TSEK	-38 804	-56 969	-38 804	-56 969
Equity/Asset ratio, %	28%	32%	28%	32%

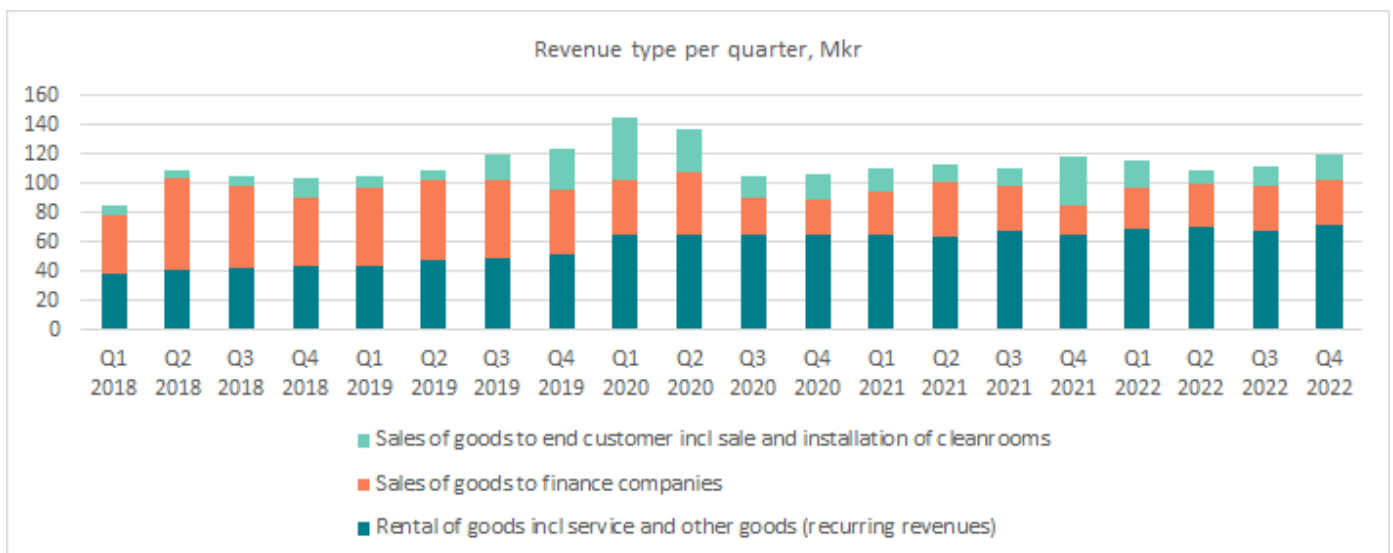
¹Definition of key figures appears from page 21.²Explanation for EBITDA and operating profit can be found on page 9.

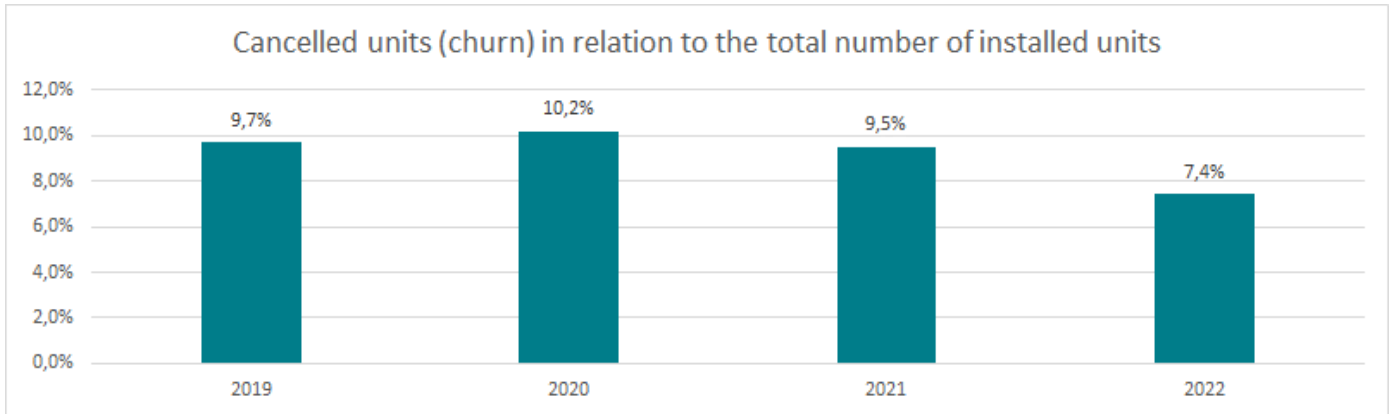
RECURRING REVENUE AND TYPES OF REVENUE

The Group's revenue comes from the Rental of goods including service and other (recurring revenue), Sale of goods to financing companies and Sale of goods including sale and installation of clean rooms. When selling directly to customers, QleanAir always signs separate service agreements that run for three years.

Recurring revenue increased by 9% during the fourth quarter and amounted to MSEK 70.8 (65.2). Recurring revenue comes from the rental of units on own balance sheet, service and others and amounted to 59% (55) of total revenue for the fourth quarter of 2022. Recurring revenue increased by 6% in January-December and amounted to MSEK 276.8 (262.0).

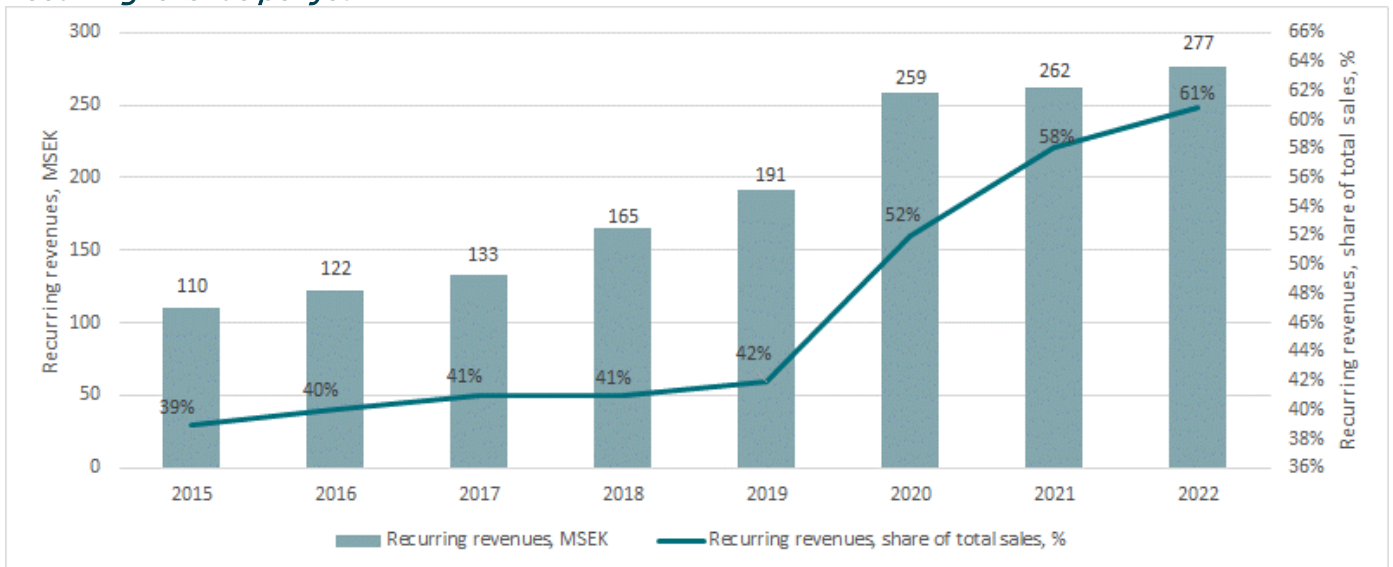
Number of terminations of installed units, often referred to as churn, relative to the total number of installed units amounted to approximately 7% for the period January 2022-December 2022, which was an improvement over the previous year.





TSEK	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Rental of goods incl service and other goods (recurring revenues)	70 809	65 210	276 790	261 975
Sales of goods to finance companies	31 599	20 211	120 459	116 172
Sales of goods to end customer incl sale and installation of cleanrooms	17 666	32 634	57 924	72 429
Total	120 075	118 055	455 172	450 576

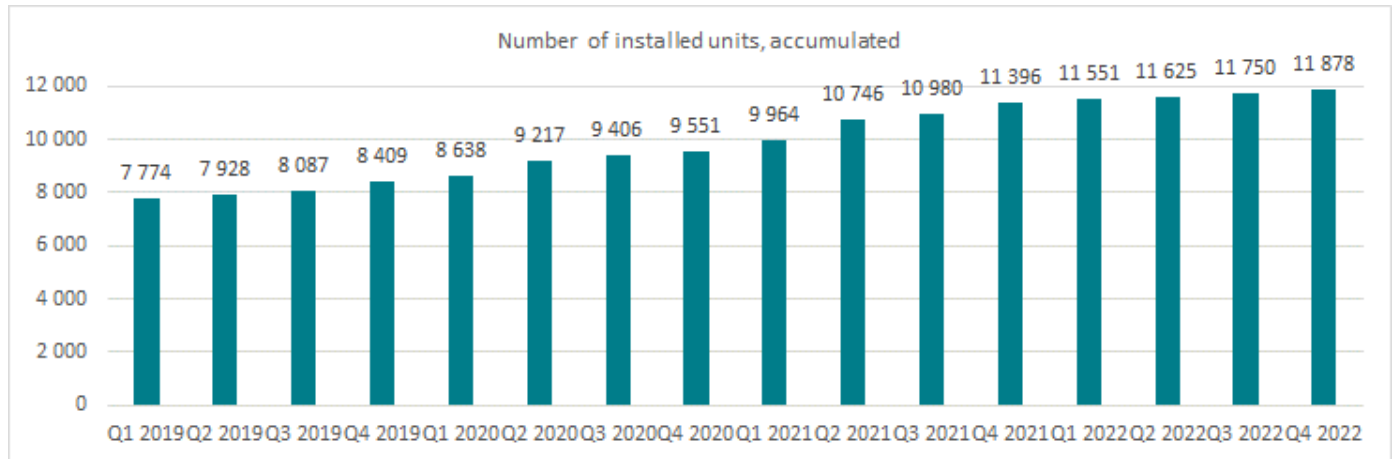
Recurring revenue per year



INSTALLED UNITS

The number of installed units increased by 4 percent as of December 31, 2022 compared to December 31, 2021, with Cabin Solutions growing in Japan and Europe and Air Cleaners showing growth in Germany and Sweden. The total number of installed units at the end of the period was 11,878 (11,396), of which 4,819 (4,534) units were on own balance sheet.

The average revenue for a Cabin Solution is significantly higher than for an average Air Cleaner. This contributes to the number of installed units growing more than revenue.



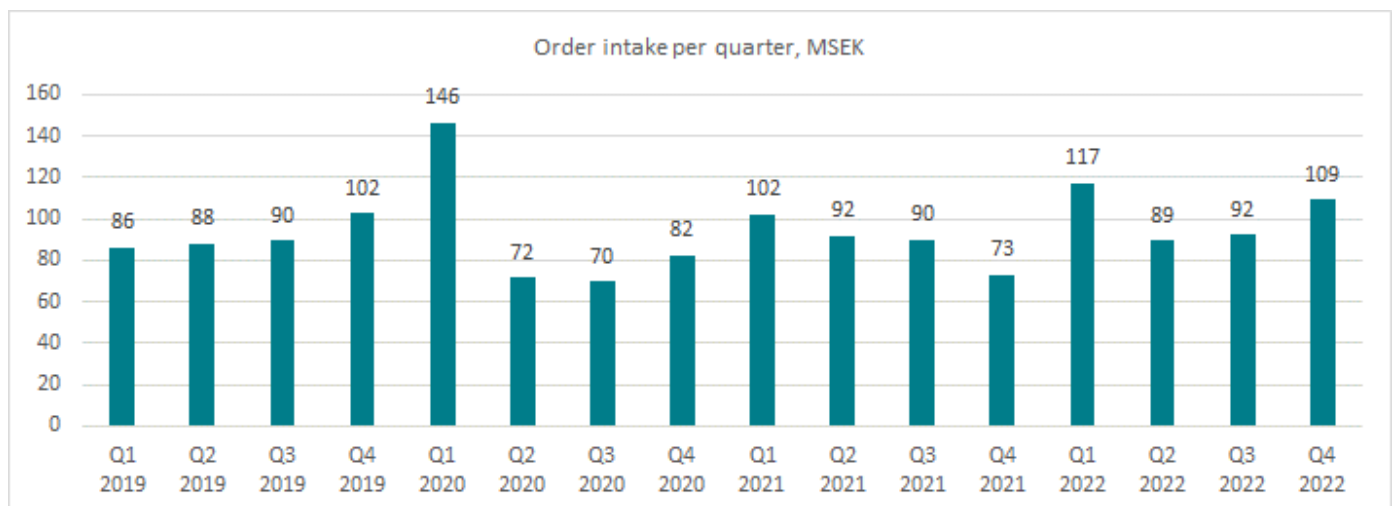
	December 2022	December 2021
Accounted value installed units, TSEK (accounted for in tangible fixed assets)	53 452	48 982
Installed units in balance sheet rented out, number	4 819	4 534
Installed units sold to finance companies, number	2 250	2 423
Sold units with service agreement, number	4 809	4 439
Total installed units, number	11 878	11 396

ORDER INTAKE

Order intake in the fourth quarter of 2022 amounted to MSEK 109.2 (72.9), an increase of 50%. EMEA accounted for 37% (55) of order intake during the fourth quarter. APAC accounted for 43% (40) and Americas 20% (5) of the order intake. The order intake for the Americas was strong for the quarter.

During January – December 2022, order intake amounted to MSEK 407.6 (356.3), an increase of 14%. EMEA accounted for 48% (59) of order intake during the period, APAC for 39% (34) and Americas for 13% (7).

Order intake per quarter



Order intake per geography, TSEK

TSEK	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
EMEA	40 950	40 318	195 717	209 934
APAC	46 479	28 772	160 432	122 887
Americas	21 731	3 800	51 476	23 460
Total	109 161	72 890	407 625	356 282

REVENUE

October-December 2022

Fourth-quarter revenue amounted to MSEK 120.1 (118.1), an increase of 2% compared with the previous year. Currency-adjusted, a decline of 2.1%. By geographic area, revenue for the fourth quarter amounted to MSEK 50.6 (68.1) for EMEA, MSEK 53.7 (42.2) for APAC and MSEK 15.8 (7.7) for the Americas. Revenue by product category amounted to MSEK 83.8 (67.7) for Cabin Solutions, MSEK 19.2 (28.9) for Air Cleaners and MSEK 17.1 (21.4) for Cleanrooms.

Revenue decreased by 26% in EMEA during the fourth quarter, increased by 27% in APAC and increased by 107% in the Americas. Cabin Solutions increased by 24%, Air Cleaners decreased by 33% and Cleanrooms decreased by 20%.

Cleanrooms revenue in EMEA was negatively impacted by delays in a few Nordic projects and a weak 2022 order intake for Cleanrooms in EMEA. The development in EMEA for Air Cleaners is disappointing and there will be a focus on returning to growth in this product category. Japan continues to grow from relatively high levels, with a focus on the premium Tokyo office segment, but with a clear strategy to broaden the offering and reach more customers, including outside Tokyo. Furthermore, Japan has continued to yield a high proportion of renewed contracts, which is a contributing factor to the group's high gross margin. In EMEA, QleanAir has a strong position within Cabin Solutions and the focus is to grow both Cabin Solutions and Air Cleaners here. The increased level of activity and order intake in the Americas is now starting to be reflected in revenue.

Revenue for October-December 2022 was positively impacted by currency effects of MSEK 4.6 (-1.6) and the currency-adjusted organic revenue growth was -2.1% (12.4).

January-December 2022

Revenue for January-December amounted to MSEK 455.2 (450.6), an increase of 1% on the previous year. Currency-adjusted, a decline of 1.4%.

Revenue by geographical area amounted to MSEK 216.0 (226.9) for EMEA, MSEK 206.8 (190.3) for APAC and MSEK 32.3 (33.4) for the Americas. Revenue by product category amounted to MSEK 327.5 (302.2) for Cabin Solutions, MSEK 82.7 (92.5) for Air Cleaners and MSEK 45.0 (55.9) for Cleanrooms.

Revenue for January-December 2022 was positively impacted by currency effects of MSEK 11.1 (-27.1) and the currency-adjusted organic revenue growth was -1.4% (-3.1).

Revenue by geography, TSEK

TSEK	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
EMEA	50 572	68 145	216 003	226 866
APAC	53 662	42 250	206 844	190 298
Americas	15 841	7 660	32 326	33 412
Total	120 075	118 055	455 172	450 576

Revenue by product category, TSEK

TSEK	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Cabin Solutions	83 790	67 714	327 527	302 178
Air Cleaners	19 219	28 900	82 663	92 528
Cleanrooms	17 066	21 441	44 982	55 870
Total	120 075	118 055	455 172	450 576

SEASONAL VARIATIONS

Historical revenues and costs have not significantly been affected by seasonal variations for QleanAir. Thanks to the company's revenue model, of which a relatively large proportion is recurring revenue from rental of goods including service and others, QleanAir has historically shown relatively undramatic changes in both revenue and operating income between quarters.

GROSS PROFIT AND OPERATING PROFIT

During the fourth quarter, gross profit was MSEK 68.2 (81.2), corresponding to a gross margin of 56.8% (68.8). The deterioration is due to a one-off write-down of inventories related to projects in the Nordics. Adjusted for this, gross profit amounted to MSEK 81.4 and a gross margin of 67.8%

An important part of QleanAir's business model is that customers renew their leases. We continue to see a high proportion of renewed contracts within our more mature product category Cabin Solutions. This contributes to our high gross margins. In Air Cleaners, we are also renewing more and more rental contracts as we have been established in the market for a longer period of time and as the population grows.

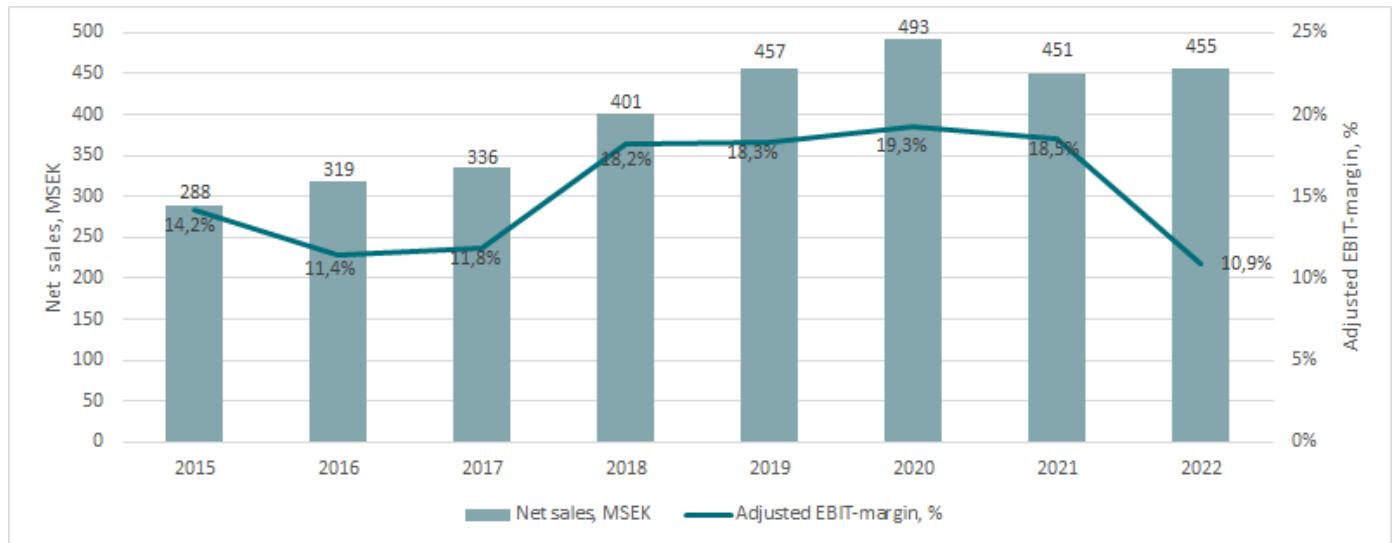
During the fourth quarter of 2022, operating income was MSEK -17.7 (17.9) and the operating margin was -14.8% (15.2). The deterioration is partly due to higher costs resulting from marketing, sales, and product development efforts. These efforts have not yet had the desired effect on revenue. Also contributing to the deterioration is the fact that QleanAir has had costs for inventory write-downs (13.2), organizational changes (primarily the change of CEO) (5.2) and project-related costs (2.8). QleanAir considers these costs, totaling MSEK 21.2, to be non-recurring. Adjusted for these costs, the operating result was MSEK 3.5, and the operating margin was 2.9%. The adjusted operating margin is not acceptable. Focus will be on sales management and sales effectiveness, in order to achieve a higher revenue with the existing organization, combined with a review of the overall cost base.

Gross profit during January-December was MSEK 311.0 (321.8), corresponding to a gross margin of 68.3% (71.4). Adjusted gross profit amounted to MSEK 324.2 and gross margin to 71.2%. QleanAir's business model continues to generate high and stable gross margins.

During January-December, operating income was MSEK 28.6 (83.4), and the operating margin was 6.3% (18.5). Adjusted operating income amounted to MSEK 49.8 and adjusted operating margin to 10.9%.

The focus for 2023 will be to implement measures that lead to an improved operating margin, exceeding 15%.

TSEK	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Operating income (EBIT)	-17 713	17 887	28 578	83 397
Adjustments for one off items	21 200	0	21 200	0
Operating income (EBIT), adjusted	3 487	17 887	49 778	83 397
Depreciations fixed assets	8 071	7 547	31 202	29 039
EBITDA, adjusted	15 045	43 321	130 759	195 834



Net revenue in MSEK and adjusted EBIT margin, outcome 12 months

OTHER EXTERNAL COSTS

Other external costs are mainly attributable to marketing, sales commission to market partners/sales agents, rents, travel expenses and consulting costs. During the fourth quarter of 2022, other external costs amounted to MSEK 39.1 (25.3). The increase was mainly due to marketing efforts, investments in promotional activities, increased travel costs and product development. Furthermore, the increase was also due to QleanAir having made a provision for project-related one-off costs of MSEK 2.8 in the fourth quarter.

During January–December 2022, other external costs amounted to MSEK 119.2 (92.8). The increase during 2022 is related to the above-mentioned long-term growth initiatives.

PERSONNEL COSTS AND EMPLOYEES

During the fourth quarter of 2022, personnel costs amounted to MSEK 38.7 (30.4). QleanAir has made provisions for one-off costs of MSEK 5.2 related to organizational changes (primarily the change of CEO) in the fourth quarter.

During January–December, the corresponding costs were MSEK 132.0 (116.6). The increase is due to an increase in the number of employees, primarily in sales and product management and to the provision related to the organizational changes.

The average number of employees in the group was 117 (108). The distribution between men and women in the Group was 76 (72) men and 41 (36) women. The number of employees at the end of the period was 118 (110).

NET FINANCIAL ITEMS

Net financial items for the fourth quarter of 2022 amounted to MSEK -4.5 (-1.9). The increase is partly due to an increased use of the overdraft facility and partly to higher interest rates.

January – December net financial items amounted to MSEK -7.8 (-7.8). During the full-year 2022, net financial items are also affected by positive exchange rate differences, leaving net financial items total unchanged.

EARNINGS BEFORE TAX, NET PROFIT FOR THE PERIOD AND EARNINGS PER SHARE

Earnings before tax for the fourth quarter amounted to MSEK -22.3 (16.0). Reported tax for the period was MSEK +3.6 (-8.7).

Earnings before tax January – December amounted to MSEK 20.8 (75.5). Reported tax for the period was MSEK -7.5 (-16.3). The Group's tax expense as a percentage January – December 2022 amounted to 36.0% (21.6).

Net income for the fourth quarter was MSEK -18.7 (7.3). Earnings per share were SEK -1.26 (0.49) and after full dilution, SEK -1.26 (0.49).

Net income for January–December was MSEK 13.3 (59.3). Earnings per share were SEK 0.89 (3.99) and after full dilution, SEK 0.89 (3.93).

CASH FLOW FROM ONGOING OPERATIONS AND INVESTMENTS

Cash flow from ongoing operations (operating cash flow) for the fourth quarter amounted to MSEK 9.6 (22.1). The deterioration in operating cash flow is mainly attributable to a deterioration in operating income during the quarter.

During January–December, operating cash flow amounted to MSEK 29.7 (104.2). The deterioration is mainly attributable to lower operating income. In addition, an increase in inventories has burdened cash flow during 2022.

Cash flow from investing activities during the fourth quarter amounted to MSEK -6.7 (-6.0). The investments relate mainly to units (Cabin Solutions, Air Cleaners) that are rented out to customers and where QleanAir thus owns the units. During January–December, this amounted to MSEK -28.3 (-28.3).

CASH AND FINANCIAL POSITION

Cash at the end of the period, excluding available overdraft facilities, amounted to MSEK 67.0 (69.7). Interest-bearing net debt, i.e., liabilities to credit institutions with a deduction for cash and cash equivalents, amounted to MSEK 184.2 (153.2). Borrowings in the fourth quarter and the January–December period relate to a change in the utilized overdraft facility. QleanAir continues to amortize quarterly according to plan. The Group's total assets amounted to MSEK 647.7 (610.8).

During January–December 2022, QleanAir distributed MSEK 22.3 (19.3) to shareholders.

Non-current assets amounted to MSEK 420.8 (416.4) and are mainly attributable to goodwill MSEK 343.7 (343.7). The book value of inventories and installed units amounted to MSEK 53.5 (49.0). Inventories have increased from MSEK 44.0 to MSEK 59.9. The increase is mainly attributable to components for a few larger delayed Nordic projects and components for Air Cleaners to ensure availability. Reported values for financial assets and liabilities correspond in all material respects to fair value.

QleanAir has covenants to be achieved according to the financing agreement with Swedbank. The covenants are interest coverage ratio and net debt/EBITDA. The covenants were achieved for Q4 2022.



FOLLOW-UP ON FINANCIAL OBJECTIVES

During the fourth quarter of 2022, QleanAir achieved currency-adjusted growth of -2.1%. The group's strategic goal is an average annual growth of approx. 10% over time. QleanAir aims to achieve a 15–20% EBIT margin. Adjusted outcome was 10.9%. The board proposes a dividend of SEK 0 per share (1.50) for 2022. The dividend policy is still 30–50% of net profits.

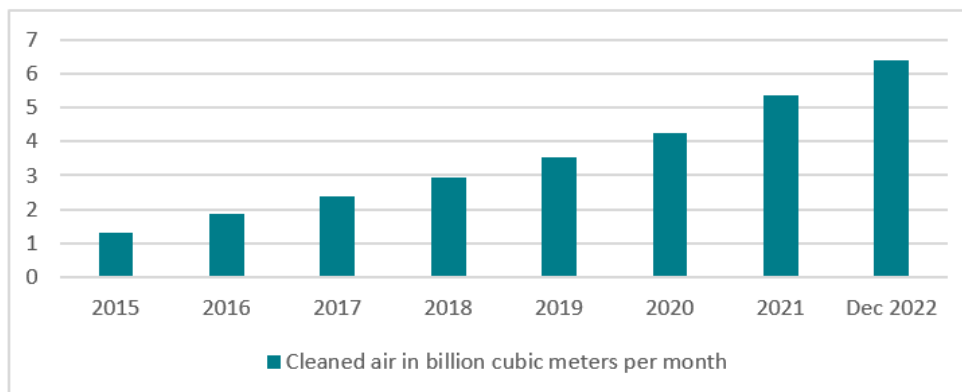
GOODWILL

Goodwill is attributable in its entirety to QleanAir AB's acquisition of the operating subsidiary QleanAir Scandinavia AB and can be derived from the change of ownership that took place in 2012. Goodwill is assessed for impairment annually by comparing its value in use, based on the discounted value of future cash flows, with its carrying value. The impairment test carried out at the 2022 year-end did not show any need for impairment, despite the changed global situation.

SUSTAINABILITY

QleanAir has been developing solutions that protect people from indoor air pollution for 30 years. Environmental issues, corporate social responsibility and working environment issues have been focus areas for QleanAir since its inception. Our air cleaning solutions create a healthy and safe working environment, ensure product quality and durability, and contribute to more efficient processes and increased productivity by, for example, extending the life of mechanical equipment. QleanAir's operating subsidiary, QleanAir Scandinavia AB, has been ISO-certified to quality standard ISO 9001 and environmental standard ISO 14001. QleanAir's circular business model is based on renting out modular units with a performance guarantee. The equipment can be recycled and reused. Large parts of the business are based on subcontractors who undertake to comply with QleanAir's Code of Conduct. The Code of Conduct is linked to the sustainability policy, the quality and environmental policy, the marketing policy, and the work environment policy. Since 2015, the Group has quantified the amount of cleaned air per hour on an ongoing basis. The amount of delivered, cleaned air continues to rise every quarter. A voluntary sustainability report is produced annually and is available at www.qleanair.com.

At the end of December 2022, 6.40 (5.39) billion cubic meters of clean indoor air per month were delivered, an increase of 19% compared to Q4 2021



RISKS

There is a risk that the war in Ukraine and its consequences on the global economy will continue to impact the market situation and supply chains for QleanAir. Furthermore, the current situation regarding energy supply and the development in energy prices may affect QleanAir. QleanAir is exposed to market risks and especially currency risks, interest risk and other price risks as part of its ongoing operations and investment activities. One market risk is regulation concerning tobacco smoke. This market risk applies to EMEA and APAC. QleanAir is exposed to different financial risks on financial instruments, mainly market risk, credit risk and liquidity risk. Risk management is focused on the management of financial risks via a centralized finance department. For more information about company risks, see QleanAir's 2021 annual report, available at www.qleanair.com.

PARENT COMPANY

The revenue of the parent company for the fourth quarter of 2022 amounted to MSEK 2.6 (2.6). The fourth-quarter result amounted to MSEK -5.0 (35.4). January-December revenue was SEK M10.2 (10.2) and the result was MSEK -21.4 (17.8). QleanAir AB delivers management services to QleanAir Scandinavia AB. Liabilities to group companies relate to the subsidiary QleanAir Scandinavia AB, which pays for QleanAir AB's current expenses including interest and amortization. QleanAir AB, with company registration number 556879-4548, is a Swedish limited liability company with its registered office in Solna, Sweden.

DISPUTES

The Group had no pending disputes.

TRANSACTIONS WITH RELATED PARTIES

No significant transactions with related parties, other than remuneration to the Board of Directors and CEO, have taken place during the fourth quarter of 2022 or during the period January-December 2022.

SHARE CAPITAL, THE SHARES AND OWNERS

The total number of shares as of 31 December 2022 was 14,859,200 and the capital was MSEK 7.4. After full dilution, the number of shares amounts to 15,276 040 shares. The dilution consists of a maximum of 416,840 warrants issued to employees in senior positions. The maximum dilution effect of the warrants issued in relation to the number of shares amounts to 2.8%.

The decision to issue 222,888 warrants was made on June 26, 2020, and 222,888 warrants have been subscribed. Subscription of new shares under the warrants shall be possible during the period from July 1, 2023, to January 31, 2024. The subscription price is SEK 41.83/share.

The decision to issue 166,784 warrants was made on May 12, 2021, and 88 604 warrants have been subscribed. Subscription of new shares supported by the warrants may take place during the period from June 1, 2024, to December 31, 2024. The subscription price is SEK 81.99/share.

The decision to issue 145,384 warrants was made on May 12, 2022, and 105 348 warrants have been subscribed. Subscription of new shares supported by the warrants may take place during the period from June 1, 2025, to December 31, 2025. The subscription price is SEK 43.24/share.

The average number of shares January-December 2022 was 14,859,200 shares before dilution and 15,232,145 shares after full dilution. All shares are ordinary shares with equal voting rights. The shares have a quota value of SEK 0.5 per share. QleanAir AB is listed on the Nasdaq First North Premier Growth Market. FNCA (First North Certified Advisor) is a certified advisor, phone +46 8 528 00 399.

2022-12-31	
Shareholder	% , capital and votes
Qevirp 41 Ltd	23,6%
BankInvest	11,5%
Avanza Pension	7,1%
Calandrella Ltd	6,6%
Livförsäkringsbolaget Skandia	4,6%
Enter Småbolagsfond	2,8%
Nordnet Pension	2,7%
LGT Bank Ltd	2,7%
CB LDN Citibank	2,5%
Sensor Select	2,0%
Ten largest shareholders	66,1%
Other shareholders	33,9%
Total	100,0%

CALENDAR

- April 19, 2023: Annual Report 2022 and Sustainability Report 2022
- May 10, 2023: First quarter 2023 and Annual General Meeting 2023
- August 10, 2023: Second quarter 2023
- November 9, 2023: Third quarter 2023
- February 9, 2024: Fourth Quarter and year end report 2023

OTHER INFORMATION

The report for the full-year 2022 provides a true and fair account of the Group's business, financial position, and results. In the event of any discrepancies between the English and Swedish versions of the report, the Swedish version shall apply.

The undersigned assures that this full-year report gives a true and fair account of the Parent Company's and the Group's business, position and results and describes the principal risks and uncertainties that the Parent Company and the companies in the Group face.

This information is information that QleanAir AB is obliged to publish in accordance with the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact person set out below, on February 10, 2023, at 08:00 a.m. CET.

GENERAL REVIEW

This report has not been reviewed by the company's auditors.

PRESENTATION

QleanAir invites you to a webcast/teleconference on February 10, 2023 at 10.00. The company's CEO, Sebastian Lindström and CFO, Henrik Resmark, will present the company's quarterly report in English.

Link to watch the presentation online:

<https://ir.financialhearings.com/qleanair-holding-q4-2022>

Telephone number to dial-in and follow the presentation and ask questions:

<https://conference.financialhearings.com/teleconference/?id=5002530>

For more information, please contact

Sebastian Lindström, CEO, on 070-308 94 51 or Henrik Resmark CFO, on 070-260 09 17.

Board of Directors of QleanAir AB
Solna, February 10 2023

Bengt Engström, Chair
Johan Westman
Mats Hjerpe
Towe Resson
Johan Ryrberg
Sebastian Lindström, CEO



THE GROUP'S CONSOLIDATED INCOME STATEMENT IN SUMMARY

TSEK	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Net sales	120 075	118 055	455 172	450 576
Other income	0	893	0	3 768
Sales	120 075	118 948	455 172	454 345
Cost of goods sold	-51 872	-37 723	-144 154	-132 533
Gross profit	68 202	81 225	311 018	321 811
Other external costs	-39 131	-25 343	-119 188	-92 814
Personnel costs	-38 713	-30 448	-132 049	-116 560
Depreciation of tangible and intangible assets	-8 071	-7 547	-31 202	-29 039
Operating income	-17 713	17 887	28 578	83 397
Financial income	0	93	3 606	1 617
Financial expenses	-4 549	-1 994	-11 403	-9 472
Income before tax	-22 262	15 986	20 781	75 543
Deferred tax	-2 689	-3 760	-3 864	-4 129
Tax on result for the period	6 279	-4 908	-3 626	-12 156
Net result for the period	-18 672	7 318	13 291	59 258
Profit/Loss attributable to:				
Shareholders parent company	-18 672	7 318	13 291	59 258
Non-controlling interest	0	0	0	0
Net result for the period	-18 672	7 318	13 291	59 258
Earnings per share basic, SEK	-1,26	0,49	0,89	3,99
Earnings per share basic, after dilution, SEK	-1,26	0,49	0,89	3,93
Net result for the period	-18 672	7 318	13 291	59 258
Currency translation differences foreign subsidiaries	3 781	93	-607	-2 469
Total result for the period	-14 890	7 411	12 684	56 788
Profit/loss attributable to:				
Shareholders parent company	-14 890	7 411	12 684	56 788
Non-controlling interest	0	0	0	0
Total net result for the period	-14 890	7 411	12 684	56 788

THE GROUP'S FINANCIAL POSITION IN SUMMARY

TSEK	2022-12-31	2021-12-31
ASSETS		
Capitalized development cost	13 485	11 553
Goodwill	343 704	343 704
Intangible fixed assets	357 189	355 257
Leasing	9 523	11 671
Tangible fixed assets	53 452	48 982
Tangible fixed assets	62 975	60 653
Deferred tax	619	495
Fixed assets	420 783	416 405
Inventories	59 947	43 964
Account receivables	26 921	26 674
Tax receivables	16	0
Other receivables	8 170	7 560
Prepaid costs and accrued income	64 931	46 547
Cash and bank	66 956	69 662
Current assets	226 942	194 408
TOTAL ASSETS	647 724	610 813
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	7 430	7 430
Additional paid in capital	120 603	121 116
Translation differences	-5 911	-5 304
Balanced result	48 564	11 595
Result for the period	13 291	59 258
Shareholders' Equity	183 976	194 094
Long term interest bearing liabilities	170 546	196 717
Deferred tax liability	3 987	0
Other liabilities	2 723	5 328
Long term liabilities	177 256	202 045
Short term interest bearing liabilities	80 644	26 171
Accounts payable	35 842	34 770
Tax liabilities	1 204	5 749
Other short term liabilities	21 698	18 461
Other liabilities	7 057	6 788
Accrued expenses and deferred income	140 046	122 734
Current liabilities	286 491	214 674
Liabilities	463 748	416 719
TOTAL EQUITY AND LIABILITIES	647 724	610 813

THE GROUP'S CHANGES IN SHAREHOLDERS' EQUITY IN SUMMARY

2022, TSEK	Other paid in		Reserves	Balanced result	Total equity
	Share capital	capital			
Opening balance 2022-01-01	7 430	121 116	-5 304	70 853	194 095
Warrants, re-purchase		-513			-513
Dividend				-22 289	-22 289
Net result for the period				13 291	13 291
Other result			-607		-607
Closing balance 2022-12-31	7 430	120 603	-5 911	61 855	183 976

2021, TSEK	Other paid in		Reserves	Balanced result	Total equity
	Share capital	capital			
Opening balance 2021-01-01	7 430	121 401	-2 835	30 912	156 908
Warrants, re-purchase		-285			-285
Dividend				-19 317	-19 317
Net result for the period				59 258	59 258
Other result			-2 469		-2 469
Closing balance 2021-12-31	7 430	121 116	-5 304	70 853	194 095

THE GROUP'S CASH-FLOW STATEMENT IN SUMMARY

TSEK	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Operating activities				
Operating income	-17 713	17 887	28 578	83 397
Adjustment for non-cash items	8 572	5 878	26 908	22 598
Net finance effect	-3 616	-1 647	-9 207	-8 059
Tax paid	412	1 926	-8 094	1 588
Total	-12 346	24 044	38 184	99 525
Decrease (+)/Increase (-) inventories	7 537	-13 753	-14 619	-16 686
Decrease (+)/Increase (-) account receivables	4 754	11 195	3 291	8 932
Decrease (+)/Increase (-) current assets	10 334	796	-16 885	-9 068
Decrease (-)/Increase (+) account payables	-4 826	11 419	-1 047	8 550
Decrease (-)/Increase (+) current liabilities	4 128	-11 623	20 807	12 900
Cash-flow from ongoing operations	9 581	22 076	29 731	104 153
Investing activities				
Investments in intangible assets	-2 063	-1 297	-5 670	-2 705
Investments in tangible assets	-4 627	-4 688	-22 623	-25 592
Cash flow from investing activities	-6 691	-5 985	-28 294	-28 297
Financing activities				
Increase in loan	15 018	0	54 473	0
Paid dividend	0	0	-22 289	-19 317
Amortization of loan	-9 629	-9 481	-38 233	-39 599
Payment of warrants, net	-694	-336	-513	-285
Cash flow from financing activities	4 695	-9 817	-6 563	-59 200
Cash flow for the period	7 585	6 274	-5 126	16 656
Opening cash balance	58 530	62 876	69 662	52 600
Exchange rate differences on financial items	841	512	2 420	406
Closing cash balance	66 956	69 662	66 956	69 662

THE PARENT COMPANY'S INCOME STATEMENT IN SUMMARY

TSEK	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Net sales	2 550	2 550	10 200	10 200
Other external costs	-2 920	-1 100	-8 701	-7 639
Personnel costs	-5 478	-1 605	-11 481	-7 558
Depreciation on intangible assets	-2 063	-2 063	-8 254	-8 254
Operating profit	-7 912	-2 218	-18 236	-13 251
Interest costs and similar profit/loss items	-9 259	-6 822	-15 368	-13 418
Result after financial items	-17 171	-9 040	-33 604	-26 670
Group contribution	13 400	52 000	13 400	52 000
Tax on result for the period	-1 220	-7 517	-1 220	-7 517
Net result for the period	-4 991	35 443	-21 424	17 814

THE PARENT COMPANY'S BALANCE SHEET IN SUMMARY

TSEK	2022-12-31	2021-12-31
<i>Intangible assets</i>		
Goodwill	33 702	41 955
<i>Financial assets</i>		
Shares in Group companies	429 000	429 000
Total fixed assets	462 702	470 955
Current tax receivables	26	680
Other receivables		0
Prepaid expenses and accrued income	2 745	4 171
Cash and bank	511	975
Total current assets	3 282	5 825
Total assets	465 984	476 781
Shareholders' equity	7 430	7 430
Premium reserve	76 220	81 208
Profit/loss for the period	-21 424	17 814
Total equity	62 225	106 452
Long term interest bearing liabilities	171 875	200 704
Total long term liabilities	171 875	200 704
Short term interest bearing liabilities	27 500	26 171
Accounts payable	415	531
Liabilities to Group companies	188 494	125 679
Tax liabilities	7 109	12 911
Other current liabilities	339	307
Accrued expenses and prepaid income	8 027	4 026
Total current liabilities	231 884	169 625
Total equity and liabilities	465 984	476 781

ACCOUNTING PRINCIPLES

QleanAir applies International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act.

The parent company's interim report has been prepared in accordance with the Swedish Annual Accounts Act and RFR2 Accounting for legal entities, issued by the Swedish Financial Reporting Board.

The accounting policies applied correspond to those of the previous financial year, as described in the 2021 Annual Report.

New or revised IFRS and interpretative statements from IFRIC with effect from January 1, 2022, have not had a material impact on the Group's financial statements.

SEGMENT

QleanAir has a segment that reflects the Group's operations, financial governance, and management structure.

SEGMENT FINANCIAL INSTRUMENTS AND CURRENCY EXPOSURE

Most of the Group's transactions are denominated in euros and Japanese yen. Exposure to changes in foreign exchange rates is related to group sales and purchases from other countries.

BASIS OF VALUATION APPLIED IN PREPARING FINANCIAL STATEMENTS

Assets and liabilities are recognized at historical cost except for currency derivatives, which are measured at fair value.

ASSESSMENTS AND ESTIMATES IN FINANCIAL STATEMENTS

Preparation of the financial statements in compliance with IFRS requires the company's management to make assessments, estimates and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. Actual outcomes may deviate from such estimates and assessments. Assumptions are reviewed on a regular basis. Changes to estimates are recognized in the period when the change is made if the change affects only that period, or in the period when the change is made and future periods if the change affects both the current period and future periods.

IMPAIRMENT TESTING OF GOODWILL AND SHARES IN SUBSIDIARIES

To assess the need for impairment, management calculates the recoverable amount of each cash-generating unit, based on expected future cash flows, and uses an appropriate interest rate to discount the cash flows. Uncertainties lie in the assumptions about future operating profit and the determination of an appropriate discount rate.

ADJUSTMENTS, ROUNDED

Some of the financial information provided in this report has been rounded, which may affect totals in tables.

NOTES

DISTRIBUTION OF NET SALES

QleanAir's geographic markets are EMEA, which includes Germany, Austria, Switzerland, the Netherlands, Belgium, France, Poland, and the Nordic countries, along with the Middle East, APAC with Japan and the Americas with the US. QleanAir's solutions can be divided into three product categories: cabin solutions, stand-alone air cleaners and cleanrooms. Net revenue by geography and product category, as well as revenue types, appears on pages 5, 6, 8 and 9.

Sales of goods including the sale and installation of cleanrooms as well as the sale of goods to financial companies are reported once. Regarding the sale of goods to finance companies, revenue is recognized in accordance with the rules in IFRS 16 for manufacturer lessors, which means that the profit or loss is recognized at the start date of the leasing agreement. Revenue is therefore recognized in accordance with the same principle as for sales of goods directly to customers to which IFRS 15 applies and is therefore recognized at a specific point in time. Rental of goods including service and other (recurring revenue) is reported over time.

CURRENCY EFFECT AND ORGANIC GROWTH

	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Net sales, TSEK	120 075	118 055	455 172	450 576
Growth Net sales, %	1,7%	10,9%	1,0%	-8,6%
Currency exchange variances, TSEK	4 557	-1 572	11 100	-27 073
Currency exchange variances, %	3,9%	-1,5%	2,5%	-5,5%
Organic growth Net sales, TSEK	-2 537	13 191	-6 503	-15 321
Organic growth Net sales, %	-2,1%	12,4%	-1,4%	-3,1%

ALTERNATIVE KEY RATIOS

The company complies with ESMA (European Securities and Markets Authority) guidelines on alternative key ratios. Alternative key ratios refer to financial measures that cannot be directly read or derived from financial statements. These financial measures are intended to help management and investors analyze the Group's performance. Investors should consider these alternative key ratios as a complement to financial reporting prepared in accordance with IFRS. As not all companies calculate financial ratios in the same way, these are not always comparable with ratios used by other companies.

Key ratios	Definition and purpose
Order intake	The definition of Order intake has been revised from 2021-01-01. All customer contracts are included in the order intake. Previously, short-term leases and extensions were not included in the order intake. These contracts are now also included in the order intake. Comparative figures for 2020 have been recalculated for comparability.
Revenue	Revenue, including other operating revenue. The ratio shows the company's total revenue.
Gross profit	Revenue less cost of sold goods.
Gross margin	Gross profit as percentage of revenue.
EBITDA	Earnings before depreciation and write-downs. The ratio is used to show the company's profitability before depreciations and write-downs.
EBITDA margin	Operating profit before depreciation and write-downs as a percentage of revenue. This ratio is used to measure operating profitability before depreciation and write-downs.
Operating result (EBIT)	Profit before financial items and tax. The measure shows the operational profitability of the company.
EBIT margin	Operating profit as a percentage of revenue. The measure is used to measure operating profitability after depreciation and write-downs.
Operating cash flow	EBITDA and adjustment for cash flow from changes in working capital. Operating cash-flow is stated to track the cash flow generated by operating activities.
Working capital	Current assets excluding cash and cash equivalents minus current liabilities (non-interest-bearing).
Average capital employed	Average equity and interest-bearing liabilities for the period. This ratio is used to analyze how much capital is employed in the business during the period.
Net interest-bearing debt	Interest-bearing short- and long-term liabilities minus cash and cash equivalents. Does not include IFRS 16 items. The ratio shows the financial position of the company.

Equity/asset ratio	Equity as a percentage of the company's total assets. The ratio is used to assess the financial stability of the company.
Net debt/equity ratio	Interest-bearing liabilities minus cash and cash equivalents divided by equity. Does not include IFRS 16 items. Net debt/equity ratio is stated because the Company believes that the ratio contributes to investors' understanding of the company's financial position.
Return on average capital employed	Adjusted EBIT rolling twelve months as a percentage of average capital employed. This ratio has been included to help investors understand the company's profitability relative to the capital employed in the business during the year.
Recurring revenue	Recurring revenue is defined as revenue from rental of goods incl. services and other.
Earnings per share	Earnings per share have been adjusted for the 2019 stock split for comparability.
Renaming of product categories	Facility Solutions has changed its name to Air Cleaners. Room Solutions has changed its name to Cleanrooms. Cabin Solutions is still called Cabin Solutions.

QUARTERLY INFORMATION

	Oct-Dec 2022	July-Sept 2022	April-June 2022	Jan-March 2022	Oct-Dec 2021	July-Sept 2021	April-June 2021	Jan-March 2021	Oct-Dec 2020
Sales, TSEK	120 075	111 422	108 273	115 402	118 055	109 741	112 286	110 494	106 436
Installed units	11 878	11 750	11 625	11 551	11 396	10 980	10 746	9 964	9 551
Recurring revenues, TSEK	70 809	67 172	69 783	69 026	65 210	67 901	64 022	64 841	64 629
Order intake, TSEK	109 161	92 180	89 331	116 954	72 890	89 921	91 571	101 911	82 103
Gross profit, TSEK	68 202	81 452	77 729	83 634	81 225	82 353	80 417	77 816	76 700
Gross-margin, %	56,8%	73,1%	71,8%	72,5%	68,8%	75,0%	71,6%	70,4%	72,1%
EBITDA, TSEK	-9 642	25 376	18 892	25 154	25 434	32 194	27 952	26 856	28 217
EBITDA-margin, %	-8,0%	22,8%	17,4%	21,8%	21,5%	29,3%	24,9%	24,3%	26,5%
EBIT, TSEK	-17 713	17 466	11 265	17 560	17 887	24 775	20 809	19 927	20 542
EBIT-margin, %	-14,8%	15,7%	10,4%	15,2%	15,2%	22,6%	18,5%	18,0%	19,3%
Operating cash-flow, TSEK	9 581	11 389	9 004	-243	22 076	21 550	36 181	24 346	19 654
Working capital, TSEK	-38 804	-24 790	-32 051	-36 623	-56 969	-53 928	-57 515	-46 581	-46 599
Average Capital Employed, TSEK	438 719	435 690	424 807	418 744	416 716	413 767	414 678	413 214	415 331
Net debt, excl. IFRS16, TSEK	184 234	184 185	185 013	162 567	153 227	166 555	172 824	183 199	198 651
Equity/Asset ratio, %	28,4%	30,1%	29,2%	32,5%	31,8%	30,8%	28,9%	29,6%	26,8%
Net debt/Equity ratio, %	1,0	0,9	1,0	0,8	0,8	0,9	1,0	1,0	1,3
Adjusted return on Capital employed (ROCE), %	6,5%	14,7%	17,6%	19,4%	20,0%	20,8%	19,1%	20,2%	22,9%
Key figures per share									
Shareholders' equity per share, SEK	12,38	13,43	12,59	13,74	13,06	12,59	11,40	11,83	10,56
Operating cash-flow per share, SEK	0,64	0,77	0,61	-0,02	1,49	1,45	2,43	1,64	1,32
Earnings per share, SEK	-1,26	0,71	0,51	0,92	0,49	1,10	1,00	1,40	1,53
Earnings per share after full dilution, SEK	-1,26	0,71	0,49	0,91	0,49	1,06	0,99	1,38	1,51
QleanAir-share, last day in each quarter	22,3	22,9	33,3	39,6	65,8	64,6	66,0	65,0	53,0
Adjusted key figures									
Gross profit, TSEK, <u>adjusted</u>	81 402								
Gross margin, %, <u>adjusted</u>	67,8%								
EBIT, TSEK, <u>adjusted</u>	3 487								
EBIT-margin, %, <u>adjusted</u>	2,9%								

ABOUT QLEANAIR

QleanAir is a premium supplier in the market for air cleaning in professional and public indoor environments. The company's business model is based on rental contracts for modular solutions with a full-service offer. QleanAir's solutions are developed from filter technology that captures, clean up and recirculates indoor air. QleanAir's corporate office is in Solna, Sweden.

BUSINESS IDEA

QleanAir offers modular solutions for indoor air cleaning to protect people, products, and processes.

VISION

QleanAir aims to be a world-class supplier of standalone solutions for air cleaning in indoor environments within the product categories the company chooses to operate in.

MISSION

QleanAir seeks to create healthy indoor environments that help protect and enhance the productivity of people, products, and processes.

VALUES

For health and safety with quality and trust.

FINANCIAL GOALS

Growth

QleanAir's objective is to achieve an average annual organic revenue growth of approximately 10 percent in the medium term.

Profitability

QleanAir's objective is to achieve an EBIT margin of 15–20% in the medium term.

Dividend policy

QleanAir's objective is to distribute between 30–50% of profits for the year. The dividend proposal shall consider QleanAir's long-term development potential.

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